
STATE OF NEW MEXICO
LAKE ARTHUR Municipal School
June 30, 2013

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2013
With Independent Auditor's Report Thereon

Sandra Rush
Certified Public Accountant, PC

1101 E Llano Estacado
Clovis, New Mexico 88101

Introductory Section

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Official Roster
For the year ended June 30, 2013

Board of Education

John Jackson	President
Edward Rubio Jr.	Vice-President
Irma Guillen	Secretary
Brad Durham	Member
Gene Bassett	Member

School Officials

Michael Grossman	Superintendent
Dee Dee Dalton	Business Manager

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

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Financial Section

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Independent Auditor's Report

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Lake Arthur Municipal Schools
Lake Arthur, New Mexico

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund of Lake Arthur Municipal Schools (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. I also have audited the financial statements of each of The District's nonmajor governmental funds and the budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Qualified Opinion

I was not able to verify balances due to inadequate accounting records relating to the District's capital assets, accumulated depreciation, and depreciation expense accounts as of and for the year ended June 30, 2013. Furthermore, evidence supporting historical cost of capital assets maintained by the District was not available. I was not able to verify either accumulated depreciation at July 1, 2012 or the depreciation expense for the fiscal year ended June 30, 2013. I was unable to determine these amounts through the use of alternative procedures and, as such, am unable to express an opinion on capital assets as of June 30, 2013 and the depreciation accrual for the year then ended. The effect on assets, net position, and expenditures of the governmental activities is not readily determinable.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the district as of June 30, 2013, and the respective changes in financial position, thereof and the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the budgetary comparisons of the general fund and each of the District's nonmajor funds for the year then ended June 30, 2013 in conformity with the budgetary basis more fully described in Note 2, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has not presented the *Management's Discussion and Analysis* that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on The District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other schedules as required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 10, 2014 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with

certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sandra Rush CPA PC

Sandra Rush CPA PC

Clovis, New Mexico

March 10, 2014

Basic Financial Statements

Government Wide Financial Statements

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash	\$ 1,514,179
Receivables:	
Taxes - current	45,763
Due from grantor	132,712
Other accounts	18,883
Pre paid interest	<u>51,379</u>
Total current assets	<u>1,762,916</u>
Noncurrent assets:	
Bond issuance costs, net	321,220
Capital assets, net	<u>6,642,670</u>
Total non current assets	<u>6,963,890</u>
Total assets	<u>\$ 8,726,806</u>
<u>LIABILITIES AND NET POSITION</u>	
Current liabilities:	
Accounts payable	\$ 166,041
Accrued interest	33,988
Current portion of long term debt	<u>245,000</u>
Total current liabilities	<u>445,029</u>
Noncurrent liabilities:	
Compensated absences	11,211
Bonds and notes	<u>5,090,000</u>
Total noncurrent liabilities	<u>5,101,211</u>
Total liabilities	<u>5,546,240</u>
Net position:	
Net invested in capital assets	1,307,670
Restricted for:	
General funds	4,273
Special revenue funds	87,262
Capital project funds	1,287,198
Debt service fund	130,677
Unrestricted	<u>363,486</u>
Total net position	<u>3,180,566</u>
Total liabilities and net position	<u>\$ 8,726,806</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Statement of Activities
For the year ended June 30, 2013

Functions / Programs	Program Revenues			Net Program [Expense] Revenues
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 1,449,047	\$ 6,469	\$ 186,914	\$ -
Support services:				
Students	242,225	-	22,278	(219,947)
Instruction	89,051	-	16,450	(72,601)
General administration	174,949	-	-	(174,949)
School administration	111,989	-	-	(111,989)
Central services	112,223	-	-	(112,223)
Operation & maintenance of plant	327,482	14,585	-	(312,897)
Student transportation	195,175	-	172,293	(22,882)
Other support services	6,806	-	-	(6,806)
Food services	167,221	6,685	93,899	(66,637)
Facilities acquisition and construction	215,867	-	-	(215,867)
Amortization	37,619	-	-	(37,619)
Interest on long-term debt	150,381	-	-	(150,381)
Total governmental activities	\$ 3,280,035	\$ 27,739	\$ 491,834	(2,760,462)

General revenues:	
Property tax	412,408
Payment in lieu of taxes	25,000
Local	
Interest	10,383
State	1,971,788
Total general revenues	2,419,579
Change in net position	(340,883)
Net position, beginning	3,521,449
Net position, ending	\$ 3,180,566

The accompanying notes are an integral part of these financial statements

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Fund Financial Statements

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Balance Sheet
Governmental Funds
June 30, 2013

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
ASSETS				
Cash and cash equivalents	\$ -	\$ 11,594	\$ -	\$ 2,882
Accounts receivable:				
Taxes	4,327	-	-	-
Other	18,883	-	-	-
Due from grantor	-	-	-	1,391
Inter fund receivable	46,245	-	-	-
Pre-paid bond principal	-	-	-	-
Pre-paid interest	-	-	-	-
Total assets	\$ 69,455	\$ 11,594	\$ -	\$ 4,273
LIABILITIES				
Accounts payable	\$ 9,685	\$ -	\$ -	\$ -
Inter fund payable	-	-	-	-
Current portion of long-term debt	-	-	-	-
Current portion of bond interest payable	-	-	-	-
Total liabilities	9,685	-	-	-
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted for:				
General fund	-	-	-	4,273
Special revenue funds	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unassigned:				
General fund	59,770	11,594	-	-
Total fund balance	59,770	11,594	-	4,273
Total liabilities and fund balances	\$ 69,455	\$ 11,594	\$ -	\$ 4,273

The accompanying notes are an integral part of these financial statements.

Capital Projects				
Bond Building 31100	Education Technology Act 31900	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
\$ 1,137,304	\$ 230,137	\$ -	\$ 132,262	\$ 1,514,179
-	-	18,851	17,353	40,531
-	-	-	-	18,883
-	-	-	131,321	132,712
7,618	-	72,464	-	126,327
-	-	40,000	-	40,000
-	-	51,379	-	51,379
<u>\$ 1,144,922</u>	<u>\$ 230,137</u>	<u>\$ 182,694</u>	<u>\$ 280,936</u>	<u>\$ 1,924,011</u>
\$ 146,721	\$ 1,319	\$ -	\$ 8,316	\$ 166,041
-	-	-	126,327	126,327
-	-	40,000	-	40,000
-	-	14,997	-	14,997
<u>146,721</u>	<u>1,319</u>	<u>54,997</u>	<u>134,643</u>	<u>347,365</u>
-	-	-	-	-
-	-	-	-	4,273
-	-	-	87,262	87,262
998,201	228,818	-	59,031	1,286,050
-	-	127,697	-	127,697
-	-	-	-	71,364
<u>998,201</u>	<u>228,818</u>	<u>127,697</u>	<u>146,293</u>	<u>1,576,646</u>
<u>\$ 1,144,922</u>	<u>\$ 230,137</u>	<u>\$ 182,694</u>	<u>\$ 280,936</u>	<u>\$ 1,924,011</u>

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STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Reconciliation of the Balance Sheet
All Governmental Funds to the
Statement of Net Position
June 30, 2013

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Fund balance - total governmental funds		\$ 1,576,646
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds financial statement, but are reported in the governmental activities of the Statement of Net Position		
Capital assets	\$ 11,699,364	
Accumulated depreciation	<u>(5,056,694)</u>	6,642,670
Other assets are not available to pay for current - period expenditures and, therefore, are deferred in the funds:		
Bond issue cost	465,630	
Amortization of bond issue cost	<u>(144,410)</u>	321,220
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements reflected as liability on Statement of Net Position		
		(11,211)
Other liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued interest payable	(18,991)	
Deferred revenue	<u>5,232</u>	(13,759)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		
		<u>(5,335,000)</u>
Net position of governmental activities		<u>\$ 3,180,566</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the year ended June 30, 2013

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Revenues:				
Local sources	\$ 44,025	\$ 14,585	\$ -	\$ -
Interest income	2,076	-	-	-
State sources	1,983,826	-	172,293	10,492
Federal sources	289	-	-	-
Total revenues	<u>2,030,216</u>	<u>14,585</u>	<u>172,293</u>	<u>10,492</u>
Expenditures:				
Current				
Instruction	989,377	-	-	8,742
Support services				
Students	225,300	-	-	-
Instruction	83,331	-	-	-
General administration	172,882	-	-	-
School administration	110,761	-	-	-
Central services	109,030	-	-	-
Operation & maintenance of plant	276,430	4,537	-	-
Student transportation	19,879	-	172,293	-
Other support services	6,806	-	-	-
Operation of non-instructional services				
Food services operations	19,813	-	-	-
Facilities acquisition and construction	-	-	-	-
Capital outlay	-	15,416	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,013,609</u>	<u>19,953</u>	<u>172,293</u>	<u>8,742</u>
Excess (deficiency) of revenues over expenditures	16,607	(5,368)	-	1,750
Other financing sources (uses):				
Proceeds from bonds	-	-	-	-
Bond issue costs	-	-	-	-
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	16,607	(5,368)	-	1,750
Fund balance, beginning	<u>43,163</u>	<u>16,962</u>	<u>-</u>	<u>2,523</u>
Fund balance, end of year	<u>\$ 59,770</u>	<u>\$ 11,594</u>	<u>\$ -</u>	<u>\$ 4,273</u>

The accompanying notes are an integral part of these financial statements

Capital Projects				
Bond Building 31100	Education Technology Act 31900	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 185,517	\$ 215,788	\$ 459,915
-	-	-	8,307	10,383
-	-	-	11,177	2,177,788
-	-	-	285,545	285,834
-	-	185,517	520,817	2,933,920
-	-	-	183,015	1,181,134
-	-	-	16,925	242,225
-	-	-	-	83,331
-	-	351	331	173,564
-	-	-	1,133	111,894
-	-	-	-	109,030
22,917	-	-	-	303,884
-	-	-	-	192,172
-	-	-	-	6,806
-	-	-	120,075	139,888
-	1,319	-	168,748	170,067
1,439,691	-	-	65,547	1,520,654
-	-	110,000	-	110,000
-	-	131,390	-	131,390
1,462,608	1,319	241,741	555,774	4,476,039
(1,462,608)	(1,319)	(56,224)	(34,957)	(1,542,119)
2,200,000	275,000	-	-	2,475,000
(132,101)	(44,863)	-	-	(176,964)
-	-	-	-	-
2,067,899	230,137	-	-	2,298,036
605,291	228,818	(56,224)	(34,957)	755,917
392,910	-	183,921	181,250	820,729
\$ 998,201	\$ 228,818	\$ 127,697	\$ 146,293	\$ 1,576,646

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the year ended June 30, 2013

Amounts reported for governmental activities in the Statement of Activities are
different because:

Net change in fund balances - total governmental funds		\$ 755,917
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense</p>		
Capital expenditures		
Current year capital expenditures capitalized	\$ 1,520,654	
Depreciation expense	<u>(358,745)</u>	
		1,161,909
<p>Revenue earned but not collected within sixty days are deferred in governmental fund statements, are recognized as revenue in Statement of activities</p>		
Deferred revenue		5,232
<p>Compensated absences expensed as paid in governmental fund statements and expensed as incurred in entity wide statements and reflected as liability on the Statement of Net Position</p>		
Compensated absences		6,334
<p>Bond proceeds are treated as revenue in the fund level statements and as increases to long-term debt on the entity wide statements</p>		
Bond proceeds	(2,475,000)	
Bond issue costs	<u>176,964</u>	
		(2,298,036)
<p>The issuance of long-term (e.g., bonds, notes, leases) provides current financial resources in governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities</p>		
Amortization of bond issuance cost	(37,619)	
Accrued interest	(4,620)	
Principal payment on bond	105,000	
Change in accrued bond liability	5,000	
Pre paid bond principal	<u>(40,000)</u>	
		<u>27,761</u>
Change in Net Position of Governmental Activities		<u>\$ (340,883)</u>

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 General Fund - Operational - 11000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 43,638	\$ 43,638	\$ 45,127	\$ 1,489
Interest income	1,200	1,200	2,076	876
Refunds and reimbursements	-	-	-	-
State sources	1,963,380	1,945,877	1,964,943	19,066
Federal sources	-	289	289	-
Total revenues	2,008,218	1,991,004	2,012,435	21,431
Expenditures:				
Current				
Instruction	1,036,796	1,019,582	988,768	30,814
Support services				
Students	274,045	246,325	225,300	21,025
Instruction	83,345	81,843	83,331	(1,488)
General administration	176,342	182,770	175,874	6,896
School administration	107,141	108,905	110,216	(1,311)
Central services	102,682	108,785	108,484	301
Operation & maintenance of plant	261,098	284,502	277,878	6,624
Student transportation	27,289	20,949	19,879	1,070
Other support services	7,064	4,927	6,806	(1,879)
Operation of non-instructional services				
Food services operations	21,138	21,138	19,813	1,325
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,096,940	2,079,726	2,016,349	63,377
Excess (deficiency) of revenues over(under) expenditures	(88,722)	(88,722)	(3,914)	84,808
Other financing sources (uses):				
Operating transfers in (out)	-	-	50,159	50,159
Designated cash	88,722	50,159	-	(50,159)
Total other financing sources (uses)	88,722	50,159	50,159	-
Net change in fund balances	-	(38,563)	46,245	84,808
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ (38,563)	\$ 46,245	\$ 84,808
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 46,245	
Adjustment to revenues for accruals & other deferrals			(32,378)	
Adjustment to expenditures for payables, prepaids & other accruals			2,740	
Net change in fund balance (GAAP Basis)			\$ 16,607	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 General Fund - Teacherage - 12000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 18,000	\$ 18,000	\$ 14,585	\$ (3,415)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>14,585</u>	<u>(3,415)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	17,500	27,262	20,156	7,106
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	17,704	7,942	-	7,942
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>35,204</u>	<u>35,204</u>	<u>20,156</u>	<u>15,048</u>
Excess (deficiency) of revenues over(under) expenditures	(17,204)	(17,204)	(5,571)	11,633
Other financing sources (uses):				
Operating transfers in (out)	-	-	17,165	17,165
Designated cash	17,204	17,165	-	(17,165)
Total other financing sources (uses)	<u>17,204</u>	<u>17,165</u>	<u>17,165</u>	<u>-</u>
Net change in fund balances	-	(39)	11,594	11,633
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ (39)</u>	<u>\$ 11,594</u>	<u>\$ 11,633</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 11,594	
Adjustment to revenues for accruals & other deferrals			(17,165)	
Adjustment to expenditures for payables, prepaids & other accruals			203	
Net change in fund balance (GAAP Basis)			<u>\$ (5,368)</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 General Fund - Transportation - 13000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	166,540	172,293	172,293	-
Federal sources	-	-	-	-
Total revenues	166,540	172,293	172,293	-
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	166,540	172,293	172,293	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	166,540	172,293	172,293	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 General Fund - Instructional Materials - 14000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	9,101	9,101	9,101	-
Federal sources	-	-	-	-
Total revenues	<u>9,101</u>	<u>9,101</u>	<u>9,101</u>	<u>-</u>
Expenditures:				
Current				
Instruction	9,101	9,101	8,742	359
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>9,101</u>	<u>9,101</u>	<u>8,742</u>	<u>359</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	359	359
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	359	359
Cash balance, beginning of year	-	-	2,523	2,523
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,882</u>	<u>\$ 2,882</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 359	
Adjustment to revenues for accruals & other deferrals			1,391	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 1,750</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 94,665
Total assets	<u>\$ 94,665</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 94,665
Total liabilities	<u>\$ 94,665</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Lake Arthur Municipal Schools is a special purpose government corporation governed by an elected five member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of the District. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management who is responsible for their integrity and objectivity. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is leg ally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizen s. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who

purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. These include fees for meals, lab fees and activity fees for the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund (11000) (12000) (13000) (14000)

The General Fund consists of four sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Teacherage Fund is to provide teachers affordable housing to entice them to teach there. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

Capital Projects Funds

Bond Building Fund (31100)

The revenues are derived by a tax levy based upon property values. Expenditures are restricted to capital improvements.

Senate Bill Nine (31700)

The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

Tech Ed Bond (31900)

The revenues are derived from general obligation certificates of participation to be sold at a competitive sale as authorized by the Education Technology Equipment Act, NMAC 1978 6-15A-1 to 6-15A-16. The source of the funds for the lease-purchase payments shall be derived from an annual levy of ad valorem tax. The \$275,000 lease-purchase is to purchase education technology equipment.

Debt Service Fund

Debt Service Fund (41100)

The revenues are generated by a tax levy based upon property values. The expenditures are for the payment of general long-term debt principal and interest.

Additionally, the government reports the following fund types:

Special Revenue Funds

In government accounting, special revenue funds are fund used to account for the proceeds of special revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes.

The Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value.

Receivables and Payables

Interfund activity is reported as loans, services provided reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate

benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Chaves County. The funds are collected by the County Treasurers and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2013 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2013.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Instructional Materials

The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the New Mexico Public Education Department "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The districts are allowed to carry forward unused allocations from year to year.

Inventory

Inventory is valued at cost utilizing the purchase basis of accounting. Inventory in the Special Revenue Funds consists of USDA commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as expenditures at the time individual inventory items are consumed. The USDA commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Donated commodities for the year ended June 30, 2013 were \$4,683.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Building and Improvements	20 - 15 years
Vehicles	2 - 15 years
Equipment	2 - 15 years

Deferred Revenues

Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements. GASB 63 amended previous guidance on deferred revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Compensated Absences

All twelve month employees are granted annual leave at the rate of one day per month. All district employees are entitled to accrue personal/sick leave according to the following schedule:

Twelve month contract	12 days per year
Eleven month contract	11 days per year
Nine month contract	10 days per year
At will employees	1 day per month

Employees accumulate a maximum of sixty days personal/sick leave. Unused personal/sick leave is not paid upon termination. All employees of the District are allowed two personal days leave per year. Personal leave cannot be accumulated. Unused personal leave can be transferred to sick leave the following year. In the past, the liability for compensated absences was reported in the General Long-Term Debt Account Group. The General fund was used to liquidate the liability.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. There are no outstanding Capital Leases.

Short-Term Debt

Short-term Debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

Fund Equity

Restricted fund balance represents amounts that are constrained either by: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high-level body or official whom the governing body has delegated.

Unassigned fund balance is the residual classification for the general fund and represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Revenues

State Equalization Guarantee

School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program costs.

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration: 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size of district, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$1,386,799 in state equalization guarantee distributions during the year ended June 30, 2013.

Tax Revenues

The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements.

Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution

School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K-12 attending public school within the school district. The District received \$172,293 in transportation distributions during the year ended June 30, 2013.

Instructional Materials

The District had allocations allowed by the State for the current year of \$9,101. The full amount of allocations used to purchase textbooks during the year was \$8,743. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

Note 2. Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a designated portion of fund balance.

Actual expenditures may not exceed the budget on a line item basis, i.e., (each budgeted expenditure must be within budgeted amounts). Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series' this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures. The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

6. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits a school district from exceeding budgetary control at the function level.

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

Note 3. Cash and Temporary Investments

State statutes authorize the investment of the District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed state investment requirements as of June 30, 2013.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Notes To Financial Statement
 June 30, 2013

	Western Bank Artesia, NM	Type
Total amount on deposit on June 30, 2013		
Lake Arthure Municipal School Operational	\$ 1,999,597	Checking
Lake Arthue Municipal Schools Activities	104,506	Checking
Total deposited	2,104,103	
Less FDIC coverage	(250,000)	
Total uninsured public funds	1,854,103	
50% collateral requirement		
as per Section 6-10-17, NMSA 1978	927,052	
Pledged securities		
Schedule below	1,297,245	
Over (under)	<u>\$ 370,194</u>	

Pledged Collateral

Description	CUSIP #	Market Value	Maturity Date	Location
FHLMC	31342AQV4	27,500	4/1/2033	FHLB, Dallas TX
FNMA	31371NXU4	71,475	7/1/2018	FHLB, Dallas TX
GNMA	38376X3E1	258,176	9/20/2034	FHLB, Dallas TX
FNMA	31371NUD5	84,721	4/1/2038	FHLB, Dallas TX
Questa NM ISD	748352DC2	583,943	9/1/2026	FHLB, Dallas TX
Albuquerque NM School Dist	013595QL0	271,430	8/1/2017	FHLB, Dallas TX
		<u>1,297,245</u>		

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$556,858 of the District's bank balance of \$2,104,103 was exposed to custodial credit risk.

Custodial Credit Risk- Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for the securities underlying an overnight repurchase agreement, or a joint safekeeping receipt to be issued to the District for at least one hundred and two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution. At June 30, 2013, the District's had no investments.

Note 4. Interfund Receivables, Payables, and Transfers

The District records temporary transfers to enable funds to operate until grant monies are received. In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations

Note 5. Accounts Receivable

Accounts receivable as of June 30, 2013, are as follows:

	General Fund	Debt Service Fund	SB-9 Fund	Other Governmental Funds	Totals
Taxes receivable					
Property taxes receivable	\$ 48	\$ 261	\$ 235	\$ -	\$ 544
Oil & gas taxes receivable	4,279	18,590	17,118		39,987
Delinquent property tax	1,104	2,980	1,148		5,232
Total					<u>45,763</u>
Due from grantor					
General Fund					
Instructional Materials	1,391				1,391
Special Revenue Funds					
Food Services	-	-	-	2,972	2,972
IASA Title 1	-	-	-	27,364	27,364
IDEA-B Entitlement	-	-	-	22,732	22,732
IDEA-B Preschool	-	-	-	1,014	1,014
IDEA-B Risk Pool	-	-	-	41,973	41,973
Teacher/Principal Training	-	-	-	16,367	16,367
Carl Perkins	-	-	-	8,866	8,866
Medicaid	-	-	-	1,783	1,783
Library 2010 GO Bond Fund	-	-	-	4,409	4,409
Formative Assessment	-	-	-	983	983
Breakfast for Elementary	-	-	-	350	350
Science Instruction Material	-	-	-	2,508	2,508
Total					<u>132,712</u>
Other receivables	<u>18,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,883</u>
Totals	<u>\$ 25,705</u>	<u>\$ 21,831</u>	<u>\$ 18,501</u>	<u>\$ 131,321</u>	<u>\$ 197,358</u>

The above receivables are deemed 100% collectible.

Note 6. Compensated Absences

A summary of compensated absences and changes occurring during the year ended June 30, 2013

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities					
Compensated absences	<u>\$ 17,545</u>	<u>\$ 14,885</u>	<u>\$ (21,219)</u>	<u>\$ 11,211</u>	<u>\$ -</u>

Note 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2013, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 14,579	\$ -	\$ -	\$ 14,579
Construction in Progress	-	197,503		197,503
Capital assets being depreciated				
Buildings and Improvements	9,212,723	1,292,757	-	10,505,480
Equipment, Vehicles, Information Technology Equipment, Software, & Library Books	951,408	30,394	-	981,802
Total assets being depreciated	<u>10,178,710</u>	<u>1,520,654</u>	<u>-</u>	<u>11,699,364</u>
Less accumulated depreciation				
Buildings and improvements	(3,981,842)	(316,996)	-	(4,298,838)
Equipment, Vehicles, Information Technology Equipment, Software, & Library Books	(716,107)	(41,749)	-	(757,856)
Total accumulated depreciation	<u>(4,697,949)</u>	<u>(358,745)</u>	<u>-</u>	<u>(5,056,694)</u>
Governmental activity capital assets, net	<u>\$ 5,480,761</u>	<u>\$ 1,161,909</u>	<u>\$ -</u>	<u>\$ 6,642,670</u>

Depreciation expense for the year ended June 30, 2013 was charged to the following functions and funds:

Instruction	\$ 272,322
Support Services	1,311
General Administration	1,385
School Administration	95
Operation maintenance of plant	15,514
Food Service	19,315
Facility acquisition	45,800
Transportation	3,003
	<u>\$ 358,745</u>

Note 8. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2013 are for governmental activities. The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due. Bonds outstanding at June 30, 2013, are comprised of the following:

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Notes To Financial Statement
 June 30, 2013

Series	Date of Issue	Original Amount	Interest Rate	Balance	Due in One Year
2005	6/15/2005	400,000	4.1% - 4.25%	\$ 295,000	\$ 40,000
2006	4/16/2006	240,000	3.875% - 4.0%	# 120,000	40,000
2007	4/1/2007	400,000	4%	340,000	25,000
2009	8/15/2009	470,000	4% - 5.6%	470,000	-
2010	3/15/2010	455,000	2% - 4.35%	435,000	10,000
2011	5/15/2011	750,000	3.3% - 4.3%	750,000	-
2012	1/15/2012	450,000	2.80% - 3.70%	450,000	25,000
2013	7/1/2012	1,200,000	4% - 3.10%	1,200,000	-
2013	2/1/2013	1,000,000	2.75% - 3.20%	1,000,000	50,000
2013	6/11/2013	275,000	2%	275,000	55,000
				<u>\$ 5,335,000</u>	<u>\$ 245,000</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2013, including interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 245,000	\$ 210,583	\$ 455,583
2015	285,000	183,508	468,508
2016	310,000	173,908	483,908
2017	300,000	163,873	463,873
2018	330,000	153,833	483,833
2019-2023	1,480,000	599,578	2,079,578
2024-2028	1,510,000	281,448	1,791,448
2029-2031	875,000	39,588	914,588
	<u>\$ 5,335,000</u>	<u>\$ 1,806,319</u>	<u>\$ 7,141,319</u>

The payments made to liquidate the debt are paid by the debt service fund.

Bond issue cost was amortized as follows:

Bond issue cost	\$ 465,630
Accumulated amortization	<u>(144,410)</u>
Net bond issue cost	<u>\$ 321,220</u>

Note 9. Risk Management

The District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers

Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance. The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2013, there have been no claims that have exceeded insurance coverage.

Note 10. Pension Plan – Educational Retirement Board

Plan Description. Substantially all of the District's full-time employees participate in an educational employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of state public school districts, colleges and universities, and some state agency employees) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy.

Member Contributions

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 9.40% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

In fiscal year 2013, the District was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000. In the future, the District will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were \$247,139, \$229,840, and \$314,079, respectively, which equal the amount of the required contributions for each fiscal year.

Note 11. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board

is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$36,523, \$43,230 and \$38,644, respectively, which equal the required contributions for each year.

Note 12. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 13. Non-Cash Assistance

The District receives USDA Commodities for use in sponsoring National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2013 was \$4,683.

Note 14. Surety Bond

A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule NMAC 2.2.2 covers the officials and certain employees of the District.

Note 15. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance
 Safe & Drug Free Schools had a deficit fund balance of \$111.

- B. Excess expenditures over budget.
 The following funds expenditures exceeded the budget

Operational	
Support Services Instruction	\$ (1,488)
Support Services School Administration	\$ (1,311)
Support Services Other Support Services	\$ (1,879)
Teacher/Principal Training & Recruiting	
General Administration	\$ (16)
Education Technology Equipment Act	
Bond Issue Cost	\$ (44,863)
Debt Service	
Principal	\$ (40,000)
Interest	\$ (51,378)

- C. Budget exceeded available resources.

Operational	\$ (38,563)
Teacherage	\$ (1,488)
Food Service	\$ (1,311)
Athletics	\$ (1,879)
Rural Education Achievement Progran	\$ (11,147)
Senate Bill 9	\$ (34,519)

Note 16. Memorandum of Understanding

REC

Purpose: To allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: Regional Education Cooperative and Lake Arthur Municipal School District

Responsible Party for Operation and Audit: Regional Education Cooperative
Beginning and Ending Date of Agreement: July 1, 1995 until the end of any fiscal year during which the school give notice of intent to terminate.

Total Estimated Amount of Project and Actual Amount Contributed: The REC paid expenditures on behalf of the District.

Note 17. Subsequent Accounting Standard Pronouncements

The GASB issued Statement No. 65, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District is reviewing the effects of the implementation of this statement.

The GASB issued Statement No. 66, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to amend Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, government would base their decisions about governmental fund type usage for risk financing activities on the definitions in State No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and that principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Schedule Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales of Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The District is reviewing the effects of the implementation of this statement.

NOTE 18. Subsequent Events Review

The District has evaluated subsequent events through March 10, 2014, which is the date the financial statements were dated.

Supplementary Information Related to
Major Governmental Funds

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Capital Project Fund - Bond Building - 31100
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	30,000	30,000	22,917	7,083
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	1,543,973	2,343,973	1,292,970	1,051,003
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,573,973	2,373,973	1,315,887	1,058,086
Excess (deficiency) of revenues over(under) expenditures	(1,573,973)	(2,373,973)	(1,315,887)	1,058,086
Other financing sources (uses):				
Proceeds from bonds	1,200,000	2,200,000	2,200,000	-
Bond issue costs	-	(200,000)	(132,101)	67,899
Operating transfers in (out)	-	-	-	-
Designated cash	373,973	373,973	-	(373,973)
Total other financing sources (uses)	1,573,973	2,373,973	2,067,899	(306,074)
Net change in fund balances	-	-	752,012	752,012
Cash balance, beginning of year	-	-	392,910	392,910
Cash balance, end of year	\$ -	\$ -	\$ 1,144,922	\$ 1,144,922
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 752,012	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			(146,721)	
Net change in fund balance (GAAP Basis)			\$ 605,291	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Capital Project Fund - Education Technology Equipment Act - 31900
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Proceeds from bonds	-	-	275,000	275,000
Bond issue costs	-	-	(44,863)	(44,863)
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	230,137	230,137
Net change in fund balances	-	-	230,137	230,137
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ 230,137	\$ 230,137
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 230,137	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			(1,319)	
Net change in fund balance (GAAP Basis)			\$ 228,818	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Debt Service Fund - Debt Service - 41000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 228,327	\$ 228,327	\$ 186,532	\$ (41,795)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>228,327</u>	<u>228,327</u>	<u>186,532</u>	<u>(41,795)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	300	800	351	449
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	105,000	105,000	145,000	(40,000)
Interest	123,327	123,327	174,705	(51,378)
Total expenditures	<u>228,627</u>	<u>229,127</u>	<u>320,056</u>	<u>(90,929)</u>
Excess (deficiency) of revenues over(under) expenditures	(300)	(800)	(133,524)	(132,724)
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	300	800	-	(800)
Total other financing sources (uses)	<u>300</u>	<u>800</u>	<u>-</u>	<u>(800)</u>
Net change in fund balances	-	-	(133,524)	(133,524)
Cash balance, beginning of year	-	-	205,988	205,988
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,464</u>	<u>\$ 72,464</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (133,524)	
Adjustment to revenues for accruals & other deferrals			(1,015)	
Adjustment to expenditures for payables, prepaids & other accruals			78,315	
Net change in fund balance (GAAP Basis)			<u>\$ (56,224)</u>	

The accompanying notes are an integral part of these financial statements.

Supplementary Information Related to
Nonmajor Governmental Funds

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NONMAJOR GOVERNMENTAL FUNDS

The Special Revenue Funds are used to account for Federal, State, and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Food Service

To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

Athletics

To account for revenue and expenditures associated with the District's budgeted athletic activities. NMAC 6.20.2.

IASA Title 1

This fund's major objectives are to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; education need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for the creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

Migrant

To account for a program funded by a federal grant whose purpose is to implement school wide bilingual education programs of special alternative instruction programs to improve, reform and upgrade relevant programs and operations within an entire local educational agency, that serve a significant number of children and youth of limited English proficiency in local educational agencies with significant concentrations of such children and youth. The fund was created by the authority of federal grant provisions. (Title VII, Section 7115 of the ESEA (20USC 7425)).

IDEA-B Entitlement

The purpose of this program is to account for revenue used to help maximize the resources in meeting the objective of handicapped children. The federal revenues in this fund are received from and administered by the New Mexico Department of Education. Authority for the creation of this fund is Part B of the Handicapped Act, Public Law 105-17.

IDEA-B Preschool

The objective of the Assistance to State for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17

IDEA B Risk Pool (24120).

To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

Teacher/Principal Training & Recruiting

The purpose of this fund is to improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is Title II of the Elementary and Secondary Education Act of 1965 as amended, Public Law 103-382.

NONMAJOR GOVERNMENTAL FUNDS

Safe & Drug Free Schools and Community

To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Elementary and Secondary Education Act , Title IV, Part A, Subpart 1, as amended. 20 USC 7111-7118.

Carl Perkins

To account for funds distributed by the U. S. Department of Education through the State Department of Education to provide services which impact school district vocational programs, educators, and students. This fund was created by the authority of the Carl D. Perkins Vocational. and Applied Technology Education Amendments of 1998, Title I, Part B and C and Sections 115 and 116, and Workforce Investment Act, Section 503.

Medicaid

To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

Rural Education Achievement Program

The objective is to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

Dual Credit Instructional Materials

The objective is to account for the monies received from NMHU for the purpose of dual credit college enrollment for qualified high school seniors.

Library 2010 GO Bonds

The purpose of this program is to acquire library books, equipment, and library resources for public schools libraries and juvenile detention libraries. The source of funding for this grant is General Obligation Bonds issued through the Public Education Department. The authority for creating this grant is NMSA Chapter 117, Section 10C(3).

Formative Assessment Laws of 2012

To account for funds received from a state grant provided to use computer technology to accumulate and report test scores. Funding provided by SB-1 2010Chapter 3, Section 10, Paragraph C-2.

Technology for Education Act

The purpose of this grant is to assist the District to develop and implement a strategy, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10.

Incentives for School Improvement

To account for revenues and expenditures from a state grant as part of the Incentives for School Improvement Act: awarded based on the improvement in CTBS 5/Terra Nova or New Mexico High School Competency Examination scores. The fund was created by state grant provisions. (NMSA 22-13 A-1).

Beginning Teacher Mentoring

To account for revenues and expenditures from a state grant provided for tutoring and student enhancement activities in reading, math, and study skills for grades six through eight. The fund was created by state grant provisions.

Breakfast for Elementary

To account for revenues and expenditures from a state grant for the purpose of providing a free breakfast to elementary students. The fund was created by state grant provisions.

NONMAJOR GOVERNMENTAL FUNDS

State Directed

The objective is to account for the IDEA B Discretionary funding passed through the regional education cooperative to the District.

2008 Library Books

The purpose of this program is to acquire library books, equipment, and library resources for public schools libraries and juvenile detention libraries. The source of funding for this grant is General Obligation Bonds issued through the Public Education Department. The authority for creating this grant is NMSA Chapter 117, Section 10C(3).

School Based Health Clinic

To account for resources administered by New Mexico Department of Health. Funded by a contract with New Mexico Department of Health.

Wind Farm

To account for revenue from the wind farm in lieu of property taxes. The fund was created by definition.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Food Service 21000	Athletics 22000	IASA Title I 24101	Migrant 24103
<u>ASSETS</u>				
Cash and cash equivalents	\$ 37,681	\$ 1,967	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from grantor	2,972	-	27,364	-
Inventory	-	-	-	-
Total assets	<u>\$ 40,653</u>	<u>\$ 1,967</u>	<u>\$ 27,364</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Inter fund payable	-	-	27,364	-
Total liabilities	<u>-</u>	<u>-</u>	<u>27,364</u>	<u>-</u>
<u>FUND BALANCE</u>				
Non-spendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue funds	40,653	1,967	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Total fund balance	<u>40,653</u>	<u>1,967</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 40,653</u>	<u>\$ 1,967</u>	<u>\$ 27,364</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

IDEA - B Entitlement 24106	IDEA Preschool 24109	IDEA - B Risk Pool 24120	Teacher / Principal Training & Recruiting 24154	Safe and Drug Free Schools and Community 24157	Carl Perkins 24180
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
22,732	1,014	41,973	16,367	-	8,866
-	-	-	-	-	-
<u>\$ 22,732</u>	<u>\$ 1,014</u>	<u>\$ 41,973</u>	<u>\$ 16,367</u>	<u>\$ -</u>	<u>\$ 8,866</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22,732	1,014	41,973	16,367	111	8,866
22,732	1,014	41,973	16,367	111	8,866
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(111)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(111)	-
<u>\$ 22,732</u>	<u>\$ 1,014</u>	<u>\$ 41,973</u>	<u>\$ 16,367</u>	<u>\$ -</u>	<u>\$ 8,866</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Carl Perkins Redistribution 24182	Medicaid 25153	Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103
<u>ASSETS</u>				
Cash and cash equivalents	\$ 421	\$ 12,598	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from grantor	-	1,783	-	-
Inventory	-	-	-	-
	<u>421</u>	<u>14,381</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 421</u>	<u>\$ 14,381</u>	<u>\$ -</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	-	-	-
Inter fund payable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE</u>				
Non-spendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue funds	421	14,381	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
	<u>421</u>	<u>14,381</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>421</u>	<u>14,381</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 421</u>	<u>\$ 14,381</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Library 2010 GO Bonds 27106	Formative Assessment Laws of 2012 27111	Technology for Education 27117	Incentives for School Improvement 27138	Beginning Teacher Mentoring 27154	Breakfast for Elementary 27155
\$ -	\$ -	\$ 1,057	\$ 1	\$ 8,976	\$ 637
-	-	-	-	-	-
4,409	983	-	-	-	350
-	-	-	-	-	-
<u>\$ 4,409</u>	<u>\$ 983</u>	<u>\$ 1,057</u>	<u>\$ 1</u>	<u>\$ 8,976</u>	<u>\$ 987</u>
-	\$ -	\$ -	\$ -	\$ -	\$ -
4,409	983	-	-	-	-
4,409	983	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,057	1	8,976	987
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,057	1	8,976	987
<u>\$ 4,409</u>	<u>\$ 983</u>	<u>\$ 1,057</u>	<u>\$ 1</u>	<u>\$ 8,976</u>	<u>\$ 987</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Science Instructional Materials K - 12 27176	State Directed Activities 27200	2008 Library Books 27549	School Based Health Clinic 29130
ASSETS				
Cash and cash equivalents	\$ -	\$ 3	\$ 489	\$ 1,667
Accounts receivable				
Taxes	-	-	-	-
Due from grantor	2,508	-	-	-
Inventory	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 2,508</u>	<u>\$ 3</u>	<u>\$ 489</u>	<u>\$ 1,667</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Inter fund payable	2,508	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>2,508</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted for:				
General fund	-	-	-	-
Special revenue funds	-	3	489	1,667
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balance	<u>-</u>	<u>3</u>	<u>489</u>	<u>1,667</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 2,508</u>	<u>\$ 3</u>	<u>\$ 489</u>	<u>\$ 1,667</u>

The accompanying notes are an integral part of these financial statements.

Wind Farm Projects 29134	Senate Bill - 9 Capital Outlay 31700	Total Non-major Governmental Funds
\$ 25,000	\$ 41,765	\$ 132,262
-	17,353	17,353
-	-	131,321
-	-	-
<u>\$ 25,000</u>	<u>\$ 59,118</u>	<u>\$ 280,936</u>
\$ -	\$ 8,316	\$ 8,316
-	-	126,327
-	8,316	134,643
-	-	-
-	-	-
25,000	-	95,491
-	50,802	50,802
-	-	-
<u>25,000</u>	<u>50,802</u>	<u>146,293</u>
<u>\$ 25,000</u>	<u>\$ 59,118</u>	<u>\$ 280,936</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2013

	Food Service 21000	Athletics 22000	IASA Title I 24101	Migrant 24103
Revenues:				
Local sources	\$ 6,685	\$ 6,469	\$ -	\$ -
Interest income	8,307	-	-	-
State sources	-	-	-	-
Federal sources	91,092	-	50,213	-
Total revenues	106,084	6,469	50,213	-
Expenditures:				
Current				
Instruction	-	4,771	49,413	-
Support services				
Students	-	-	800	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	117,269	-	-	-
Facilities acquisition and construction	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	117,269	4,771	50,213	-
Excess (deficiency) revenues over expenditures	(11,185)	1,698	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(11,185)	1,698	-	-
Fund balance, beginning	51,838	269	-	-
Fund balance, ending	\$ 40,653	\$ 1,967	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2013

	Carl Perkins Redistribution 24182	Medicaid 25153	Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103
Revenues:				
Local and county sources	\$ -	\$ -	\$ -	-
Interest income	-	-	-	-
State sources	-	-	-	467
Federal sources	421	21,006	3,088	-
Total revenues	<u>421</u>	<u>21,006</u>	<u>3,088</u>	<u>467</u>
Expenditures:				
Current				
Instruction	-	-	3,184	467
Support services				
Students	-	14,829	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>14,829</u>	<u>3,184</u>	<u>467</u>
Excess (deficiency) revenues over expenditures	421	6,177	(96)	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	421	6,177	(96)	-
Fund balance, beginning	<u>-</u>	<u>8,204</u>	<u>96</u>	<u>-</u>
Fund balance, ending	<u>\$ 421</u>	<u>\$ 14,381</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Library 2010 GO Bonds 27106	Formative Assessment Laws of 2012 27111	Technology for Education 27117	Incentives for School Improvement 27138	Beginning Teacher Mentoring 27154	Breakfast for Elementary 27155
-	-	-	-	-	-
-	-	-	-	-	-
4,409	983	-	-	-	2,807
-	-	-	-	-	-
<u>4,409</u>	<u>983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,807</u>
4,409	-	-	-	-	-
-	983	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,806
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,409</u>	<u>983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,806</u>
-	-	-	-	-	1
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1
-	-	1,057	1	8,976	986
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,057</u>	<u>\$ 1</u>	<u>\$ 8,976</u>	<u>\$ 987</u>

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2013

	Science Instructional Materials K - 12 27176	State Directed Activities 27200	2008 Library Books 27549	School Based Health Clinic 29130
Revenues:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-
State sources	2,508	3	-	-
Federal sources	-	-	-	-
Total revenues	2,508	3	-	-
Expenditures:				
Current				
Instruction	2,508	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Facilities and acquisition	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,508	-	-	-
Excess (deficiency) revenues over expenditures	-	3	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	3	-	-
Fund balance, beginning	-	-	489	1,667
Fund balance, ending	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 489</u>	<u>\$ 1,667</u>

The accompanying notes are an integral part of these financial statements.

Wind Farm Project 29134	Senate Bill - 9 Capital Outlay 31700	Total Non-major Governmental Funds
\$ 25,000	\$ 177,634	\$ 215,788
-	-	8,307
-	-	11,177
-	-	285,545
<u>25,000</u>	<u>177,634</u>	<u>520,817</u>
		183,015
-	-	16,925
-	-	-
-	315	331
-	-	1,133
-	-	-
-	-	-
-	-	-
-	-	120,075
-	168,748	168,748
-	65,547	65,547
-	-	-
-	-	-
<u>-</u>	<u>234,610</u>	<u>555,774</u>
25,000	(56,976)	(34,957)
-	-	-
-	-	-
25,000	(56,976)	(34,957)
-	107,778	181,250
<u>\$ 25,000</u>	<u>\$ 50,802</u>	<u>\$ 146,293</u>

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Food Service - 21000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 6,500	\$ 6,500	\$ 6,685	\$ 185
Interest income	-	-	8,307	8,307
State sources	-	-	-	-
Federal sources	73,023	73,023	83,437	10,414
Total revenues	79,523	79,523	98,429	18,906
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	112,958	131,361	110,893	20,468
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	112,958	131,361	110,893	20,468
Excess (deficiency) of revenues over(under) expenditures	(33,435)	(51,838)	(12,464)	39,374
Other financing sources (uses):				
Operating transfers in (out)	-	-	20,535	20,535
Designated cash	33,435	50,145	-	(50,145)
Total other financing sources (uses)	33,435	50,145	20,535	(29,610)
Net change in fund balances	-	(1,693)	8,071	9,764
Cash balance, beginning of year	-	-	29,610	29,610
Cash balance, end of year	\$ -	\$ (1,693)	\$ 37,681	\$ 39,374
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 8,071	
Adjustment to revenues for accruals & other deferrals			(12,880)	
Adjustment to expenditures for payables, prepaids & other accruals			(6,376)	
Net change in fund balance (GAAP Basis)			\$ (11,185)	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Athletics - 22000
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 8,500	\$ 8,500	\$ 6,469	\$ (2,031)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>8,500</u>	<u>8,500</u>	<u>6,469</u>	<u>(2,031)</u>
Expenditures:				
Current				
Instruction	8,769	9,038	4,771	4,267
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>8,769</u>	<u>9,038</u>	<u>4,771</u>	<u>4,267</u>
Excess (deficiency) of revenues over(under) expenditures	(269)	(538)	1,698	2,236
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	<u>269</u>	<u>269</u>	<u>-</u>	<u>(269)</u>
Total other financing sources (uses)	<u>269</u>	<u>269</u>	<u>-</u>	<u>(269)</u>
Net change in fund balances	-	(269)	1,698	1,967
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>269</u>	<u>269</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ (269)</u>	<u>\$ 1,967</u>	<u>\$ 2,236</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 1,698	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 1,698</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - IASA Title I - 24101
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 39,817	\$ 50,624	\$ 37,866	\$ (12,758)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>39,817</u>	<u>50,624</u>	<u>37,866</u>	<u>(12,758)</u>
Expenditures:				
Current				
Instruction	39,817	49,822	49,413	409
Support services				
Students	-	802	800	2
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>39,817</u>	<u>50,624</u>	<u>50,213</u>	<u>411</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	(12,347)	(12,347)
Other financing sources (uses):				
Operating transfers in (out)	-	-	(15,017)	(15,017)
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(15,017)</u>	<u>(15,017)</u>
Net change in fund balances	-	-	(27,364)	(27,364)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,364)</u>	<u>\$ (27,364)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (27,364)	
Adjustment to revenues for accruals & other deferrals			12,347	
Adjustment to expenditures for payables, prepaids & other accruals			15,017	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Migrant - 24103
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	2,836	2,836
Total revenues	-	-	2,836	2,836
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over(under) expenditures	-	-	2,836	2,836
Other financing sources (uses):				
Operating transfers in (out)	-	-	(2,836)	(2,836)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(2,836)	(2,836)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - IDEA-B Entitlement - 24106
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	35,955	46,624	30,618	(16,006)
Total revenues	35,955	46,624	30,618	(16,006)
Expenditures:				
Current				
Instruction	35,955	46,624	40,702	5,922
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	35,955	46,624	40,702	5,922
Excess (deficiency) of revenues over(under) expenditures	-	-	(10,084)	(10,084)
Other financing sources (uses):				
Operating transfers in (out)	-	-	(12,648)	(12,648)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(12,648)	(12,648)
Net change in fund balances	-	-	(22,732)	(22,732)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ (22,732)	\$ (22,732)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (22,732)	
Adjustment to revenues for accruals & other deferrals			10,084	
Adjustment to expenditures for payables, prepaids & other accruals			12,648	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - IDEA Preschool - 24109
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	2,666	3,236	4,375	1,139
Total revenues	2,666	3,236	4,375	1,139
Expenditures:				
Current				
Instruction	2,266	2,836	2,836	-
Support services				
Students	400	400	313	87
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,666	3,236	3,149	87
Excess (deficiency) of revenues over(under) expenditures	-	-	1,226	1,226
Other financing sources (uses):				
Operating transfers in (out)	-	-	(2,240)	(2,240)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(2,240)	(2,240)
Net change in fund balances	-	-	(1,014)	(1,014)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ (1,014)	\$ (1,014)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (1,014)	
Adjustment to revenues for accruals & other deferrals			(1,226)	
Adjustment to expenditures for payables, prepaids & other accruals			2,240	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - IDEA-B Risk Pool - 24120
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	49,167	20,041	(29,126)
Total revenues	-	49,167	20,041	(29,126)
Expenditures:				
Current				
Instruction	-	49,167	41,973	7,194
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	49,167	41,973	7,194
Excess (deficiency) of revenues over(under) expenditures	-	-	(21,932)	(21,932)
Other financing sources (uses):				
Operating transfers in (out)	-	-	(20,041)	(20,041)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(20,041)	(20,041)
Net change in fund balances	-	-	(41,973)	(41,973)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ (41,973)	\$ (41,973)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (41,973)	
Adjustment to revenues for accruals & other deferrals			21,932	
Adjustment to expenditures for payables, prepaids & other accruals			20,041	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Teacher/Principal Training and Recruiting - 24154
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	16,387	17,276	2,828	(14,448)
Total revenues	16,387	17,276	2,828	(14,448)
Expenditures:				
Current				
Instruction	16,387	16,387	16,386	1
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	16	(16)
School administration	-	889	873	16
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	16,387	17,276	17,275	1
Excess (deficiency) of revenues over (under) expenditures	-	-	(14,447)	(14,447)
Other financing sources (uses):				
Operating transfers in (out)	-	-	(1,920)	(1,920)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(1,920)	(1,920)
Net change in fund balances	-	-	(16,367)	(16,367)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ (16,367)	\$ (16,367)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (16,367)	
Adjustment to revenues for accruals & other deferrals			14,447	
Adjustment to expenditures for payables, prepaids & other accruals			1,920	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Carl Perkins - 24180
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	18,659	18,659	10,055	(8,604)
Total revenues	<u>18,659</u>	<u>18,659</u>	<u>10,055</u>	<u>(8,604)</u>
Expenditures:				
Current				
Instruction	16,583	16,583	16,366	217
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	2,076	2,076	260	1,816
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>18,659</u>	<u>18,659</u>	<u>16,626</u>	<u>2,033</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	(6,571)	(6,571)
Other financing sources (uses):				
Operating transfers in (out)	-	-	(2,295)	(2,295)
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,295)</u>	<u>(2,295)</u>
Net change in fund balances	-	-	(8,866)	(8,866)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,866)</u>	<u>\$ (8,866)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (8,866)	
Adjustment to revenues for accruals & other deferrals			6,571	
Adjustment to expenditures for payables, prepaids & other accruals			<u>2,295</u>	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Carl Perkins Redistribution - 24182
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	2,234	2,234
Total revenues	-	-	2,234	2,234
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over(under) expenditures	-	-	2,234	2,234
Other financing sources (uses):				
Operating transfers in (out)	-	-	(1,813)	(1,813)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(1,813)	(1,813)
Net change in fund balances	-	-	421	421
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ 421	\$ 421
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 421	
Adjustment to revenues for accruals & other deferrals			(1,813)	
Adjustment to expenditures for payables, prepaids & other accruals			1,813	
Net change in fund balance (GAAP Basis)			\$ 421	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Medicaid - 25153
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	15,000	15,000	19,223	4,223
Total revenues	15,000	15,000	19,223	4,223
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	22,091	22,091	14,829	7,262
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	22,091	22,091	14,829	7,262
Excess (deficiency) of revenues over(under) expenditures	(7,091)	(7,091)	4,394	11,485
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	7,091	7,091	-	(7,091)
Total other financing sources (uses)	7,091	7,091	-	(7,091)
Net change in fund balances	-	-	4,394	4,394
Cash balance, beginning of year	-	-	8,204	8,204
Cash balance, end of year	\$ -	\$ -	\$ 12,598	\$ 12,598
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 4,394	
Adjustment to revenues for accruals & other deferrals			1,783	
- Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 6,177	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Rural Education Achievement Program - 25233
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	3,088	3,088
Total revenues	-	-	3,088	3,088
Expenditures:				
Current				
Instruction	11,243	11,243	3,184	8,059
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	11,243	11,243	3,184	8,059
Excess (deficiency) of revenues over(under) expenditures	(11,243)	(11,243)	(96)	11,147
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	11,243	96	-	(96)
Total other financing sources (uses)	11,243	96	-	(96)
Net change in fund balances	-	(11,147)	(96)	11,051
Cash balance, beginning of year	-	-	96	96
Cash balance, end of year	\$ -	\$ (11,147)	\$ -	11,147
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (96)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (96)	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Dual Credit Instructional Materials - 27103
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	467	467	-
Federal sources	-	-	-	-
Total revenues	-	467	467	-
Expenditures:				
Current				
Instruction	-	467	467	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	467	467	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Library 2010 GO Bonds - 27106
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	6,119	6,119	-	(6,119)
Federal sources	-	-	-	-
Total revenues	6,119	6,119	-	(6,119)
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	6,119	6,119	4,409	1,710
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,119	6,119	4,409	1,710
Excess (deficiency) of revenues over(under) expenditures	-	-	(4,409)	(4,409)
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(4,409)	(4,409)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ (4,409)	\$ (4,409)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (4,409)	
Adjustment to revenues for accruals & other deferrals			4,409	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Formative Assessments - Laws of 2012 - 27111
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	983	-	(983)
Federal sources	-	-	-	-
Total revenues	-	983	-	(983)
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	983	983	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	983	983	-
Excess (deficiency) of revenues over(under) expenditures	-	-	(983)	(983)
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(983)	(983)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ (983)	\$ (983)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (983)	
Adjustment to revenues for accruals & other deferrals			983	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Breakfast for Elementary - 27155
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	2,807	4,998	2,191
Federal sources	-	-	-	-
Total revenues	-	2,807	4,998	2,191
Expenditures:				
Current				
Instruction				-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	2,807	2,806	1
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	2,807	2,806	1
Excess (deficiency) of revenues over(under) expenditures	-	-	2,192	2,192
Other financing sources (uses):				
Operating transfers in (out)	-	-	(1,555)	(1,555)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(1,555)	(1,555)
Net change in fund balances	-	-	637	637
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ 637	\$ 637
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 637	
Adjustment to revenues for accruals & other deferrals			(2,191)	
Adjustment to expenditures for payables, prepaids & other accruals			1,555	
Net change in fund balance (GAAP Basis)			\$ 1	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Science Instructional Materials K - 12 - 27176
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	2,508	-	(2,508)
Federal sources	-	-	-	-
Total revenues	-	2,508	-	(2,508)
Expenditures:				
Current				
Instruction	-	2,508	2,508	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	2,508	2,508	-
Excess (deficiency) of revenues over(under) expenditures	-	-	(2,508)	(2,508)
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(2,508)	(2,508)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ (2,508)	\$ (2,508)
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (2,508)	
Adjustment to revenues for accruals & other deferrals			2,508	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - State Directed Activities - 27200
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	27,497	27,497
Federal sources	-	-	-	-
Total revenues	-	-	27,497	27,497
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over(under) expenditures	-	-	27,497	27,497
Other financing sources (uses):				
Operating transfers in (out)	-	-	(27,494)	(27,494)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(27,494)	(27,494)
Net change in fund balances	-	-	3	3
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 3	
Adjustment to revenues for accruals & other deferrals			(27,497)	
Adjustment to expenditures for payables, prepaids & other accruals			27,497	
Net change in fund balance (GAAP Basis)			<u>\$ 3</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Special Revenue Fund - Wind Farm Projects - 29134
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ 25,000	\$ 25,000
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	25,000	25,000
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over(under) expenditures	-	-	25,000	25,000
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	25,000	25,000
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 25,000	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ 25,000</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Capital Project Fund - Senate Bill Nine - 31700
 Statement of Revenues, Expenditures, and Changes in Cash
 Balance - Budget and Actual (Non - GAAP Budgetary Basis)
 For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 176,067	\$ 176,067	\$ 182,100	\$ 6,033
State sources	8,958	13,648	-	(13,648)
Federal sources	-	-	-	-
Total revenues	<u>185,025</u>	<u>189,715</u>	<u>182,100</u>	<u>(7,615)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	100	600	315	285
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Facilities acquisition and construction	239,956	244,146	164,985	79,161
Capital outlay	70,000	70,000	65,547	4,453
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>310,056</u>	<u>314,746</u>	<u>230,847</u>	<u>83,899</u>
Excess (deficiency) of revenues over(under) expenditures	(125,031)	(125,031)	(48,747)	76,284
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Designated cash	125,031	90,512	-	(90,512)
Total other financing sources (uses)	<u>125,031</u>	<u>90,512</u>	<u>-</u>	<u>(90,512)</u>
Net change in fund balances	-	(34,519)	(48,747)	(14,228)
Cash balance, beginning of year	-	-	90,512	90,512
Cash balance, end of year	<u>\$ -</u>	<u>\$ (34,519)</u>	<u>\$ 41,765</u>	<u>\$ 76,284</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (48,747)	
Adjustment to revenues for accruals & other deferrals			(4,466)	
Adjustment to expenditures for payables, prepaids & other accruals			(3,763)	
Net change in fund balance (GAAP Basis)			<u>\$ (56,976)</u>	

The accompanying notes are an integral part of these financial statements.

Supplementary Information Related to Agency Funds

AGENCY FUNDS

Activity Trust Fund

To account for funds of various student groups that is custodial in nature.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Agency Funds
Statement of Changes in Assets and Liabilities
June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Student activity groups	\$ 103,517	\$ 398,148	\$ 407,000	\$ 94,665
Total assets	<u>\$ 103,517</u>	<u>\$ 398,148</u>	<u>\$ 407,000</u>	<u>\$ 94,665</u>
<u>LIABILITIES</u>				
Funds handled on behalf of: Student activity groups	\$ 103,517	\$ 398,148	\$ 407,000	\$ 94,665
Total liabilities	<u>\$ 103,517</u>	<u>\$ 398,148</u>	<u>\$ 407,000</u>	<u>\$ 94,665</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Agency Funds - Activity
 Statement of Changes in Assets and Liabilities
 June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
General	\$ 951	\$ 3,088	\$ 3,681	\$ 358
In/out	417	12	-	429
Gift	1,251	384	1,333	302
Class of 2019	400	186	22	564
Library	93	49	48	94
Carnival	493	38	-	531
Student Council	244	394	374	264
Superintendent	8	228	97	139
FHA	141	-	-	141
Principals	94	-	-	94
Class of 2017	318	55	21	352
Honor society	7	691	510	188
Cheerleaders	57	795	700	152
Industrial arts	957	-	-	957
Class of 2018	817	49	21	845
Class of 2020	638	974	724	888
Class of 2007	126	-	-	126
Class of 2008	72	-	-	72
Class of 2009	1,322	-	-	1,322
Resource room	137	-	-	137
Class of 2016	254	137	275	116
Yearbook	1,973	301	107	2,167
Arts and crafts	252	-	-	252
Kindergarten	235	48	136	147
Class of 2015	1,066	15	270	811
Class of 2014	122	2,873	1,074	1,921
Class of 2013	1,296	1,241	1,151	1,386
Class of 2012	465	-	-	465
Class of 2011	324	-	-	324
Class of 2010	26	-	-	26
PTO	16	-	-	16
School museum	63	-	-	63
Accelerated reader	458	-	-	458
Athletic boosters	834	25,524	24,689	1,669
TNT	8,646	12,000	13,123	7,523
Panther outpost	979	-	-	979
Student health	319	-	-	319
Technology	626	-	-	626
MENSA	180	-	179	1
NMPSA insurance	54,677	311,817	327,486	39,008
SADD	159	-	-	159
Pre-school	156	316	8	464
PNM science grant	46	-	-	46
FFA / AG	2,757	8,734	9,122	2,369
LA's best	1,003	10	-	1,013
PBS award	750	-	-	750
Elk lodge grant	1,800	-	-	1,800
Summer school	2,101	100	-	2,201
Sub-total	\$ 90,126	\$ 370,059	\$ 385,151	\$ 75,034

STATE OF NEW MEXICO
 LAKE ARTHUR MUNICIPAL SCHOOL
 Agency Funds - Activity
 Statement of Changes in Assets and Liabilities
 June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>ASSETS</u>				
NM 6 man football	\$ 1,040	\$ 7,270	\$ 5,669	\$ 2,641
Project celebration	909	-	-	909
District 8-A	1,299	1,762	1,335	1,726
State rings/shirts	3,019	8,656	5,412	6,263
Panther invitational	644	3,774	3,321	1,097
Legislative trip	1,921	2,339	870	3,390
Fees and fines	776	753	366	1,163
Class of 2021	263	1,544	1,041	766
Regional school board	65	-	-	65
Dig pink - volleyball	1,001	345	-	1,346
State game	1,909	49	1,958	-
Class of 2024	121	37	-	158
Class of 2025 Pre-school	47	34	60	21
District 8-A	377	1,510	1,817	70
Balance	-	16	-	16
	<u>\$ 103,517</u>	<u>\$ 398,148</u>	<u>\$ 407,000</u>	<u>\$ 94,665</u>
Total assets				
	<u>\$ 103,517</u>	<u>\$ 398,148</u>	<u>\$ 407,000</u>	<u>\$ 94,665</u>
<u>LIABILITIES</u>				
Due to student groups	<u>\$ 103,517</u>	<u>\$ 398,148</u>	<u>\$ 407,000</u>	<u>\$ 94,665</u>
	<u>\$ 103,517</u>	<u>\$ 398,148</u>	<u>\$ 407,000</u>	<u>\$ 94,665</u>
Total liabilities				

The accompanying notes are an integral part of these financial statements.

Other Supplemental Information

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Cash Reconciliation - All Funds
For the year ended June 30, 2013

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the Report	Total Cash on Report
Lake Arthur Municipal School							
Operational	\$ -	\$ 2,012,435	\$ (2,016,349)	\$ 50,159	\$ 46,245	\$ -	\$ 46,245
Teachrage	-	14,585	(20,156)	17,165	11,594	-	11,594
Transportation	-	172,293	(172,293)	-	-	-	-
Instructional Materials	2,523	9,101	(8,742)	-	2,882	-	2,882
Food Services	29,610	98,429	(110,893)	20,535	37,681	-	37,681
Athletics	269	6,469	(4,771)	-	1,967	-	1,967
Federal Flow through	-	110,853	(169,938)	(58,810)	(117,895)	-	(117,895)
Federal Direct	8,300	22,311	(18,013)	-	12,598	-	12,598
State Flow through	10,523	32,962	(11,173)	(29,049)	3,263	-	3,263
Combined Local / State	1,667	25,000	-	-	26,667	-	26,667
Bond Building	392,910	-	(1,315,887)	2,067,899	1,144,922	-	1,144,922
Capital Improvement SB-9	90,512	182,100	(230,847)	-	41,765	-	41,765
Ed Tech Equipment Act	-	-	-	230,137	230,137	-	230,137
Debt Service	205,988	186,532	(320,056)	-	72,464	-	72,464
Total Governmental Funds	742,302	2,873,070	(4,399,118)	2,298,036	1,514,290	-	1,514,290
Student Activities	103,517	398,148	(407,000)	-	94,665	-	94,665
Total Lake Arthur Municipal School	\$ 845,819	\$ 3,271,218	\$ (4,806,118)	\$ 2,298,036	\$ 1,608,955	\$ -	\$ 1,608,955
Account Name	Account Type	Bank Name	Bank Amount				
Lake Arthur Municipal School							
Operational Account	Checking	Western Bank	\$ 1,999,708				
Student Activities	Checking	Western Bank	104,506				
Total Lake Arthur Municipal School			\$ 2,104,214				
Total bank balances			\$ 2,104,214				
Reconciling items - outstanding checks			(485,418)				
Reconciling items - outstanding checks			(9,841)				
Report balance			\$ 1,608,955				
Cash balance per Statement of Net Position			\$ 1,514,290				
Cash			\$ 1,514,290				
Cash per Cash Reconciliation - Governmental Funds			\$ 1,514,290				

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Schedule of Revenue
For the year ended June 30, 2013

	Operational 11000	Teachrage 12000	Transportation 13000	Instructional Materials 14000	Bond Building 31100	Education Technology Equipment Act 31900	Debt Service 41000	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:									
Local sources:									
Taxes	\$ 44,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,517	\$ 177,634	\$ 407,176
Payments in lieu of taxes	-	-	-	-	-	-	-	25,000	25,000
Interest	2,076	-	-	-	-	-	-	8,307	10,383
Fees	-	-	-	-	-	-	-	13,154	13,154
Rentals	-	14,585	-	-	-	-	-	-	14,585
Total local sources	46,101	14,585	-	-	-	-	185,517	224,095	470,298
State sources:									
Equalization guarantee	1,386,799	-	-	-	-	-	-	-	1,386,799
Emergency supplement	555,470	-	-	-	-	-	-	-	555,470
Flow through grants	41,557	-	-	-	-	-	-	11,177	52,734
Transorfation	-	-	172,293	-	-	-	-	-	172,293
Instructional materials	-	-	-	10,492	-	-	-	-	10,492
Total state sources	1,983,826	-	172,293	10,492	-	-	-	11,177	2,177,788
Federal sources									
Dierct grants	289	-	-	-	-	-	-	-	289
Flow through grants	-	-	-	-	-	-	-	285,545	285,545
Total federal sources	289	-	-	-	-	-	-	285,545	285,834
Total	\$ 2,030,216	\$ 14,585	\$ 172,293	\$ 10,492	\$ -	\$ -	\$ 185,517	\$ 520,817	\$ 2,933,920

The accompanying notes are an integral part of these financial statements.

Compliance Section

Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Independent Auditors Report

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Lake Arthur Municipal Schools
Lake Arthur, New Mexico

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund of the Lake Arthur Municipal School (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued my report thereon dated March 10, 2014. This report contains an opinion modification, the nature of which is a qualification over capital assets, accumulated depreciation, and depreciation expense.

Internal Control over Financial Reporting

In planning and performing my audit, of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2011-1, 2012-2, 2012-3, 2013-1, 2013-2, 2013-3, 2013-4

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the

deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. 2013-5, 2013-6, 2013-7

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items. 2011-1, 2012-2, 2012-3, 2013-1, 2013-2, 2013-3, 2013-4

The District's Response to Findings

The District's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sandra Rush CPA PC

Clovis, New Mexico

March 10, 2014

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Schedule of Findings and Responses
June 30, 2013

Prior Year Audit Findings:		<u>Status</u>
10-1	ERB Reporting on Percentage	Resolved
11-1	Budget	Repeated
11-2	Payroll Procedures	Resolved
11-4	PED Cash report	Resolved
11-5	Cash appropriation in excess of available cash	Repeated
12-1	Disposition of Capital Assets	Resolved
12-2	Capital Asset Listing	Repeated
12-3	Late Audit Report	Repeated

2011-1 Budget - Internal Control & Compliance - Material Weakness

Condition

The District has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following funds:

Operational

Support Services Instruction	\$	(1,488)
Support Services School Administration	\$	(1,311)
Support Services Other Support Services	\$	(1,879)

Teacher/Principal Training & Recruiting

General Administration	\$	(16)
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Education Technology Equipment Act

Bond Issue Cost	\$	(44,863)
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Debt Service

Principal	\$	(40,000)
Interest	\$	(51,378)

Criteria

Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control. For School District's, the expenditure function is the legal level of control.

Cause

The District does not have a procedure in place to ensure sufficient budget balance is available prior to expenditures being authorized.

Effect

As a result, the district is in non compliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds.

Recommendation

The District should establish a policy of budgetary review before purchases are authorized and make necessary budget adjustments.

Response

Will check deposit amounts monthly to make sure we haven't receipted more than our budget estimate, if we have I will do a BAR to increase budget amount.

Schedule of Findings and Responses
June 30, 2013

2012-2 Capital Asset Listing – Compliance and Internal Control – Material Weakness

Condition

For the year ended June 30, 2013, the District had not maintained a capital asset listing that was reconciled to the general ledger and in compliance with the GASB 34. The records lacked asset identification and location and appeared to have obsolete equipment and equipment the District no longer owns. As a result, the financial statements of the District may be materially misstated due to the balances of capital assets and accumulated depreciation being materially misstated. Also, the District did not perform an annual physical inventory of movable chattels and equipment on the capital asset inventory list at the end of each fiscal year.

Criteria

The State Audit Act, 12-6-10 NMSA 1978 requires that the District prepare and maintain an accurate listing of capital assets. The District must have a capital assets management policy to provide accountability for the safeguarding of assets in accordance with GASB 34 and Section 12-2-10 NMSA 1978.

Section 12-6-10(A) NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors.

Cause

There are no procedures in place to ensure that all capital assets are accounted for in a capital asset inventory listing. Further, the District did not have a system in place to track capital asset additions and deletions and to calculate and account for depreciation and accumulated depreciation. In prior years the District's auditor maintained the capital asset records.

Effect

Lack of sufficient records results in assets that are not properly safeguarded. Asset identification and location are essential in the prevention of theft and loss of assets due to fraudulent activity. Capital assets cannot be depreciated due to lack of information that is being maintained. As a result, the financial statements of the District may be materially misstated due to the balances of capital assets and accumulated depreciation being materially misstated.

Recommendation

The District should develop procedures to ensure that all capital assets are accounted for in a capital asset inventory listing. The District should establish controls over its capital assets in order to safeguard them and establish accountability for their custody and use. (Capital Asset Controls 2.20.1.15, NMAC) Such controls should apply to authorization to acquire fixed assets, receiving purchases, tagging the assets, assigned location, individuals responsible for tracking use and location, and fund and organizational unit fund and organizational unit

The District should conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year, certify the correctness of the inventory after the physical inventory, and provide the certification the District's auditors.

Response

We are currently working on updating the capital Asset Listing. Our previous auditor kept the list on her computer and we didn't have a hard copy so we have to recreate the list and find out where she came up with the amounts on her list. We are working on recreating this each time we have a little time after our other responsibilities are done.

Schedule of Findings and Responses
June 30, 2013

2012-3 Audit Report Filed Late – Compliance and Internal Control – Material Weakness

Condition

The June 30, 2013 audit report was submitted to the State Auditor’s office March 2014 which was not timely.

Criteria

According to State Auditor Rule NMAC 2.2.2.9.A, the audited financial statements are due by November 15 of the fiscal year audited.

Cause

The audit was not submitted to the New Mexico State Auditor on or before November 15, 2013. The District was unable to provide the auditor with the books and records in sufficient detail to perform the audit and submit the audit timely.

Effect

The District is not in compliance with State Auditor Rule 2.2.2.9.A for the fiscal year ended June 30, 2013.

Recommendation

The District should provide the auditor with the books and records in sufficient detail to perform the audit and submit the audit timely. The District should cross-trained employees to insure the books and records are ready to be audit and are provided to the auditor timely.

Response

Due to a death in my family I was not able to send the audit information as soon as they needed it. The bookkeeper and I are the only ones in our office and I will make sure that she knows where everything is that will need to be sent. Also we will be getting everything in order and ready to send as soon as the year ends so she will have it ahead of time.

2013-1 Cash Appropriations in Excess of Available Cash Balances - Internal Control & Compliance - Material Deficiency

Condition

The District maintained a deficit budget in excess of available resources in the following funds

Operational	\$	(38,563)
Teacherage	\$	(1,488)
Food Service	\$	(1,311)
Athletics	\$	(1,879)
Rural Education Achievement Program	\$	(11,147)
Senate Bill 9	\$	(34,519)

Criteria

Section 2.2.210. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances rebudgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures. Budgeted cash balances cannot exceed the actual cash balance available at the end of the prior year.

Cause

The District does not have a procedure in place to ensure sufficient beginning cash balances exist to absorb budget deficits.

Schedule of Findings and Responses
June 30, 2013

Effect

The District will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Recommendation

Greater attention should be given to the budget monitoring process and end of the year cash balance.

Response

I will check my accounts to make sure that if there is more money receipted than was actually projected I will do a BAR to increase the budget revenue amount. I will put this on my list to do with each quarterly report.

2013-2 Financial Statements and Disclosures - Compliance and Internal Control - Material Weakness

Condition

The District relies upon their independent auditor to prepare the financial statements in accordance with generally accepted accounting principles (GAAP). The accounting staff lacks the knowledge to prepare such statements, as well as the ability to detect accuracy and completeness of all required notes that explain financial activity contained in the financial statements. The District requires the independent auditor gather all necessary information in order to convert their cash basis accounting information into financial statements prepared in accordance with GAAP.

Criteria

Auditing standards adopted in the United States of America in particular Statement on Auditing Standards (SAS) 115, paragraph 3 states the following: "Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations. Internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives. Generally, controls that are relevant to an audit of financial statements are those that pertain to the entity's objective of reliable financial reporting."

Appropriate internal control procedures over financial reporting include the ability to prepare financial statements in accordance with GAAP or at a minimum, management should have the ability to comprehend the requirements for financial reporting. Financial statements prepared in accordance with GAAP include all required statements of financial position, statements of changes in financial position, changes in cash flow, and notes.

SAS 115 paragraph 5 provides an explanation of a deficiency in internal control as either a deficiency in design or in operation. Paragraph 6 states "A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis." SAS 115 paragraph 15 provides a list of indicators of a material weakness in internal control. One such example is "Ineffective oversight of the entity's financial reporting and internal control by those charged with governance."

Effect

Since the District personnel lack the ability to prepare, and did not prepare, the financial statements, there is an increased risk that a misstatement of the district's financial statements, that is more than inconsequential, will not be prevented or detected. Further, since the District's accounting staff lacks the proper knowledge or training regarding the requirements of GAAP financial reporting, there is more than a remote possibility that a material misstatement of the financial statements will not be prevented or detected.

Schedule of Findings and Responses
June 30, 2013

Cause

The District's staff lacks the proper ability to prepare financial statements and the associated disclosures. When audit services are sought, there is a requirement that the auditor will prepare the financial statements. In the past this may have been sufficient; however, the accounting profession, by issuance of SAS 115, now requires recognition and reporting of significant deficiencies in internal control when there is an ineffective oversight of the financial reporting and internal control by those charged with governance.

Recommendation

I recommend the accounting staff of the District attend seminars on governmental financial reporting to increase their knowledge and abilities.

Response

I will work with the auditor to better understand creating and understanding financial statements.

2013-3 Compensation Not Reported As Wages - Compliance and Internal Control - Material Weakness

Condition

During the test work over expenditures it was determined eight employees were paid to attend a workshop, but the payments were not included as wages on the employees W-2. The eight (8) checks totaled \$800.

Criteria

Internal Revenue Service Section 3401(a) defines "wages" for income tax withholding purposes as all remuneration for services performed by an employee for his employer. The pay may be in cash or in other forms. Wages includes but are not limited to salaries, vacation allowances, bonuses, commissions, and fringe benefits.

Cause

The District does not have a policy in place requiring all payments to employees for services performed be included in wages.

Effect

The District is not in compliance with Internal Revenue Service Section 3401(a).

Recommendation

All remuneration for services performed by an employee for the District should be reported as wages.

Response

I will make sure that all stipends are paid through payroll.

2013-4 Restricted Cash Loaned to Other Funds - Compliance and Internal Control - Material Weakness

Condition

As of June 30, 2013 the following Special Revenue Fund had negative cash balances. The District has one pooled bank account for all funds. The Operational Fund had a cash balance of \$46,245 which was not sufficient to cover the negative cash balances totaling \$126,327. Therefore restricted cash in Debt Service, and Capital Project funds were used to cover the negative balance.

STATE OF NEW MEXICO
LAKE ARTHUR MUNICIPAL SCHOOL

Schedule of Findings and Responses
June 30, 2013

IASA Title 1	\$	(27,364)
IDEA-B Entitlement		(22,732)
IDEA-B Preschool		(1,014)
IDEA-B Risk Pool		(41,973)
Teacher Principal Training & Recruiting		(16,367)
Safe & Drug Free School & Communities		(111)
Carl Perkins		(8,866)
Library 2010 GO Bonds		(4,409)
Formative Assessments Law 2012		(983)
School Instructional Materials K-12		<u>(2,508)</u>
	\$	<u>(126,327)</u>

Criteria

All funds except the Operational Fund was created and used for specific purposes based on Public Education Department regulations and cannot be spent for any other reason or for expenditures of any other fund.

Cause

Management does not maintain sufficient cash in the Operational Fund to cover cash deficits in the Special Revenue Funds. Certain Special Revenue funds are administered on a reimbursement method of funding. These funds incur the cost and then submit the necessary request for reimbursement. Operational Fund cash is used to cover the deficit until the reimbursements are received.

Effect

Cash balances from restricted funds were used incorrectly to cover expenditures of other funds.

Recommendation

Management should maintain sufficient cash in the Operational Fund to cover any cash deficits in the Special Revenue Funds have until requested reimbursements are received.

Response

I am not sure how to handle this finding...We are on emergency supplemental and are not allowed to have a big cash balance at the end of the year. Most of our funds that are at a negative are Federal funds that be have to spend then do a RFR for. Many of these are payroll and in June we do 5 payrolls which pay the teachers for July and the first payment in August. We divided their contract amounts so they will be paid throughout the summer months. I can't do RFR's until the funds are actually spent so have to do them at the very end of June. If you have any suggestions I would appreciate them because this is a problem we have every year.

2013-5 Construction In Progress Not Tracked - Significant Deficiency

Condition:

During the review of the District's capital assets, the auditor noted that construction in progress (CIP) was not being tracked.

Criteria:

GASB 34 sets the standard that governmental entities are to inventory, record and depreciate capital assets over \$5,000. While CIP is not depreciated, tracking CIP is a prudent practice to aid in the recording of capital asset acquisitions.

Schedule of Findings and Responses
June 30, 2013

Effect:

Total capital assets, accumulated depreciation, and depreciation expense could be misstated.

Cause:

In prior years the auditor maintained the capital asset listing. However the list provided to the District by the auditor was not current and construction in progress was not tracked nor did the District CIP in the current year. This control weakness did not account for construction projects that were not completed at year-end thus CIP was not being tracked.

Recommendation:

The District should track CIP throughout the construction process. This will aid management in identifying newly constructed assets and capturing all the cost,

Response:

I will start a file anytime we start a project and just make an Xcel spreadsheet that includes all invoices made for that project and just call it construction in progress then when the project is finished we will move it to the capital asset list as a total amount.

2013-6 Deficit Fund Balance - Significant Deficiency

Condition

The Safe and Drug Free Schools and Community fund had a deficient fund balance of \$111 at year end.

Criteria

6.20.2 NMAC and other state statutes prohibit any governmental agency from encumbering future funds.

Effect

The District spent funds that were not available for this fund. The operational fund will have to cover the negative balance.

Cause

The District did not maintain adequate cash records to know how much was available for this fund.

Recommendation

The District should submit budgets as required and adhere to the controls built into the accounting software. The software alerts the user when there is no budget for an expenditure.

Response

I have several funds that are no longer active. I will call my budget analyst and find out what I need to do to close out these funds and move them into an account that is active.

2013-7 Bank Statement Reconciliation - Significant Deficiency

Condition

During the cash audit work it was determined that one of the bank account reconciliations did not agree with the book balance on June 30, 2013. The Activity account was different by \$16.

Schedule of Findings and Responses
June 30, 2013

Criteria

20-2-14 NMAC states all bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration.

Effect

General ledger control must exist over all accounts. If the cash balance is not accurately reflected in the financial records it could adversely affect management spending decisions.

Cause

The District did not maintain adequate internal controls to assure all bank account reconciliations are correct.

Recommendation

The District should establish a policy that require all bank accounts reconciliations are correct and reviewed by someone not responsible for the preparation.

Response

We have gone over all of our accounts and are not showing this amount. All of our bank reconciliations are at no variance and all of our expenditures and receipts add up. We will keep looking.

Financial Statement Preparation

The auditing firm of Sandra Rush CPA PC, prepared the financial statements of Lake Arthur Municipal School as of June 30, 2013. The District's upper management have reviewed and approved the financial statements and related notes, and they believe that the District's books and records adequately support them.

Exit Conference

The contents of this report were discussed with, Michael Groosman, Superintendent, John Jackson, board member, Dee Dee Dalton, Business Manager, and Sandra Rush, CPA, in an exit conference on March 25, 2014.